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Government
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MINISTRY OF AGRICULTURE, FOOD
AND RURAL AFFAIRS.

1998-1999 Business plan

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MESSAGE FROM THE MINISTER


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1998-1999 Business Plan



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MESSAGE FROM THE MINISTER



Hon. Noble Villeneuve

Last year was prosperous for Ontario's agri-food industry, and, despite a devastating ice storm in eastern Ontario early this year, 1998 is shaping up to be even better. With agri-food exports at an all-time high of \$5.6 billion and \$6.9 billion in farm cash receipts, Ontario is leading the country on several fronts. The entire industry injects more than \$25 billion annually into the provincial economy and employs more than 640,000 people, on thousands of farms, in hundreds of food plants and grocery stores, and in countless other related businesses throughout rural Ontario.

The Ontario government understands that for the province's economy to continue to grow, we must maintain and strengthen our rural roots. That means ensuring farmers are equipped with the very best the world has to offer in research, technology and management practices. It means producing safe, high quality products and aggressively marketing them at home and around the world. It means fostering a job-creating climate in our rural communities and providing focused, relevant agricultural education to our young people so that our roots remain strong for generations to come.

The progress we have made at the Ministry of Agriculture, Food and Rural Affairs is a result of working closely with the people of rural Ontario. With the help of farmers, food processors and the people who live and work in our rural communities, we have strengthened the Ministry by focusing on our core businesses. This relationship has also allowed us to develop and implement the Farming and Food Production Protection Act, which balances the rights of farmers to carry out normal farm practices with the rights of all those who live in rural Ontario. It has also ensured that our investment initiatives – such as the existing \$30 million Rural Job Strategy Fund and the new \$35 million Rural Youth Jobs Strategy announced in the 1998 Ontario Budget – work in rural Ontario because they were designed in the town halls that dot our rural landscape.

The Ministry of Agriculture, Food and Rural Affairs has played a pivotal role in developing Ontario's agri-food sector for more than a century. With this focused and forward-looking plan and the help and support of our clients, the Ministry will concentrate on ensuring Ontario's agri-food and rural sectors are prepared to meet the challenges and seize the opportunities that the next century will bring.

A handwritten signature in cursive script that reads "Noble A. Villeneuve".

The Honourable Noble A. Villeneuve
Minister of Agriculture, Food and Rural Affairs

MINISTRY VISION

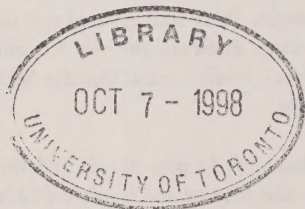
The vision of the Ministry of Agriculture, Food and Rural Affairs is:

To foster competitive, economically diverse and prosperous agriculture and food sectors and to promote economic development and job creation in rural communities.

To reach this vision, the ministry will:

- promote value-added agriculture, increased exports and an improved agriculture and food trade balance,
- encourage investment and economic development in Ontario's agriculture, food and rural sectors, and
- serve as a key point of access for rural southern Ontario residents for provincial economic development initiatives.

The Ministry will deliver its agriculture, food and rural mandates within a more focused and flexible organization. The Ministry will build on its solid reputation for high quality client service. Staff working in Guelph, Toronto and at service locations across the province are committed to excellence in serving their clients and the Ontario public.



ANNUAL REPORT ON KEY ACHIEVEMENTS AND COMMITMENTS

1997-98 Achievements

Ontario led all other provinces in Canadian agri-food exports in 1997 by shipping more than \$5.6 billion in products, which was an increase of \$319 million over 1996. Exports have increased 167 per cent over the last decade.

In 1997, Ontario accounted for 45 per cent of the national total of investment in the food and beverage sector. The ministry played an influential role in attracting \$38 million of investment to the food industry. This represents 710 jobs.

Ontario also led all other provincial governments in agri-food research investment, with \$41 million – as much as the governments of Quebec and Alberta combined.

In 1997, Ontario was number one in agricultural production in Canada, with total farm cash receipts of nearly \$6.9 billion or about 23 per cent of the national total. Ontario also accounted for more than 22 per cent of the national total for agricultural investment in 1997.

Extension of the Retail Sales Tax Rebate on farm building materials for a second year helped stimulate investment in new farm construction. Since 1996, this tax reduction has saved Ontario farmers \$8 million on more than \$100 million worth of purchased materials.

The \$30 million Rural Job Strategy Fund (RJSF) was launched in October 1997. The Fund, developed following extensive province-wide consultations, is designed to stimulate competitiveness, economic growth and job creation in the agri-food sector and in Ontario's rural communities.

The RJSF builds on the success of the government's one-year Grow Ontario program, which shared in the investment of 138 projects worth \$20 million.

In its first full year of operation, the Crown agency AGRICORP attracted 600 new customers to crop insurance, and continued to distinguish itself as the lowest-cost deliverer of crop insurance in Canada. It also started up a successful new insurance plan for sugar beets, and developed new programs for the corn, soybean and tomato industries.

Extensive audits on all provincially-inspected abattoirs were completed in early 1997. Individual action plans were developed to assist those plant operators with shortfalls to comply with standards. As of spring 1998, all abattoirs are required to meet standards before receiving a license. This is to enhance food safety and increase competitiveness in the Ontario industry.

Registration increased last year at Alfred, Kemptville and Ridgetown Colleges of Agricultural Technology by 10 to 20 per cent. Fully 85 to 90 per cent of graduating students are securing jobs in their fields. The ministry's \$3 million, 1997 summer jobs program helped create 4,200 jobs, well over the program target of 3,000 jobs.

The Farming and Food Production Protection Act became law in May 1998, strengthening protection for farmers against nuisance lawsuits and unnecessarily restrictive by-laws. The new law balances the rights of farmers to carry out normal farm practices with the rights of all those who live in rural Ontario.

Property tax reforms meant that, as of January 1998, the costly Farm Tax Rebate program was eliminated and a new tax rate of 25 per cent of the residential tax rate for eligible farm land and outbuildings was implemented. This change has been requested by Ontario farmers for 26 years. The ministry continues to work with industry, municipalities and other provincial ministries to ensure a fair and balanced transition to the new system.

The ministry, working with many industry organizations, businesses, individuals, and municipalities, ensured the supply and distribution of more than 700 much-needed generators to farmers in storm-stricken areas of eastern Ontario in January 1998. Initial emergency financial assistance was delivered to affected farmers in record time. The ministry is working with other provincial ministries as well as the federal government to restore the area's agri-food and rural sectors, and will provide \$20 million in additional, shared funding for longer term recovery assistance.

The enhanced partnership with the University of Guelph ensured that high-quality laboratory, education and research programs continued to be administered efficiently, effectively and for the benefit of all clients.

The ministry continued its partnership with Ontario Agriculture and Food Technologies, supporting the commercialization of agricultural biotechnology research results.

The ministry launched a new Foodland Ontario campaign, "Invite Ontario Home for Dinner." Consumer tracking studies show that 86 per cent of Ontario consumers intend to buy Ontario products.

The North American Web Marketing Association recognized the ministry's work in enhancing its clients' access to electronic information through its Internet website with the prestigious Standard of Excellence Award, 1997.

1998-99 Commitments

The ministry will design and implement the four-year, \$35 million Rural Youth Jobs Strategy, as announced in the 1998 Ontario Budget. As part of the overall Youth Opportunities Ontario initiative, this strategy will be aimed at addressing unique employment issues faced by young people living in rural Ontario.

The second year of the successful Rural Job Strategy Fund will lever greater private sector investment in projects aimed at improving competitiveness, economic growth and job creation in the province's agriculture, food and rural sectors.

The Retail Sales Tax Rebate on farm building materials will continue for another year, further stimulating investment in agriculture and jobs in rural Ontario.

Changes in the ministry's field services as a result of the Agriculture and Rural Advisory Services Study recommendations will bring the resources of the world to the agriculture industry and to rural Ontario. A small, highly-trained group of program leads will provide agriculture and rural clients with a direct link to information, resources and research from around the globe, complementing the ministry's client service representatives, rural community advisors, agriculture and rural representatives and regional and provincial specialists.

Encouraging and supporting an increase of agri-food exports to \$6 billion in 1998 will mean Ontario's industry leaders are on track for their proposed goal of \$10 billion in total annual shipments by 2005. This is one quarter of the national goal, established by the private sector, of \$40 billion by the same year.

The ministry will assist the Ontario food industry to move to agreed-upon national food inspection standards. The ministry will also work with other ministries and levels of government on developing and implementing a comprehensive food safety strategy for Ontario. Both efforts are aimed at maintaining a safe, high quality food supply for consumers while enhancing the domestic and global competitiveness of food producers and processors.

Working with the industry, other provinces and the federal government, the ministry will assist in developing a new, national safety net agreement that is fair, balanced and meets the financial risk management needs of farmers. The current agreement is due to expire in March, 1999.

The ministry will continue to apply environmental sustainability principles when making decisions based on this business plan.

CORE BUSINESSES

Research and Technology Transfer

Jobs and economic growth in the agriculture and food sectors, as well as in Ontario's rural communities, depend on using the latest research to constantly improve technology and management practices. The ministry's enhanced partnership agreement with the University of Guelph puts Ontario in a favorable position in the global information and technology network, providing a platform for more business activity which will directly benefit Ontario's economy. Expert staff develop information and training resources based on the best available research and field trials from the University of Guelph and other, world-wide sources. The information is adapted to local and provincial conditions and business needs and then transferred to ministry clients.

Investment and Market Development

Retaining current investment and aggressively seeking out new investment opportunities by agriculture, food, rural and agri-business clients supports Ontario's goals of economic growth and job creation. Market development activities are designed to boost Ontario's competitive advantage in domestic and export markets. Within the province, the ministry's Foodland Ontario consumer promotion program is aimed at increasing sales of Ontario agri-food products. For foreign markets, the ministry works with new and established exporters – especially of commodities that have value added to the raw product – to increase sales to the U.S., Europe, Latin America and Asia. These activities support those of the Ministry of Economic Development, Trade and Tourism. The Farm Products Marketing Commission works to ensure that Ontario's regulated marketing system encourages competitiveness throughout the agricultural and food sectors while meeting the needs of consumers.

Rural Economic Development

The ministry's network of field offices is well-positioned to provide agricultural and rural clients with an accessible, co-ordinated point of access for economic and business development products. The ministry also works with other ministries to help resolve local economic issues, and to assist rural communities to retain and attract business. The ministry plays a key role in bringing a strong agricultural and rural perspective to provincial policies. The new Rural Youth Jobs Strategy will be aimed at improving local job opportunities for rural young people, so they are more inclined to live, work and raise families in their own communities.

Risk Management

In agriculture, the ministry, through its Crown agency AGRICORP, helps farmers manage financial risk brought on by severe weather conditions and extreme market fluctuations by cost-sharing several safety net programs. Besides reducing the need for government ad hoc assistance, the protection these programs provide farmers gives them greater confidence to invest in their operations. Safety nets also put Ontario farmers on a more equal footing with their counterparts in other provinces and countries that have similar programs.

In food production, the ministry is working with the industry and other levels of government to design and put in place national food inspection standards that ensure consumers are protected while enhancing the industry's competitiveness in Canada and abroad. The ministry is also working with other ministries on a comprehensive provincial food safety strategy as well as helping develop industry-driven programs that assure the continued safety and quality of Ontario food.

KEY STRATEGIES

Six key strategies will be followed to ensure that the ministry continues to encourage growth, jobs and prosperity in the province's agriculture, food and rural sectors.

Increasing Competitiveness

Given the pressures and opportunities presented by changes in the global marketplace and in evolving information technology, increasing the competitiveness of Ontario farms, food manufacturers and rural businesses and communities will be key to continued growth and job creation.

Building on its enhanced partnership with the University of Guelph, the ministry will improve the performance and accountability of its research, education and laboratory activities while building strong financial partnerships with industry to increase resources to these areas. Agricultural biotechnology, value-added products and rural economic development will be emphasized in the ministry's efforts to boost competitiveness throughout the agri-food and rural sectors.

The ministry will concentrate on assisting regulated marketing sectors to continue to adjust effectively to changes in market forces.

Developing and adopting new national inspection standards for food safety and implementing industry-driven quality assurance programs to meet these standards will enhance the competitive position of the Ontario food sector in Canada and around the world. A comprehensive, provincial food safety strategy will also increase industry competitiveness while assuring a safe, high quality food supply for consumers.

Increasing Efficiency

Creating an economic environment where growth and jobs can thrive means government carrying out its responsibilities as efficiently as possible. The ministry will continue to search for and put in place service delivery mechanisms that reduce costs and maintain high quality service to clients.

The Crown agency AGRICORP will continue to administer crop insurance, market revenue and other agricultural programs in a cost-effective, accountable way for the benefit of its clients.

Improving Service Delivery

The realignment of staff will ensure relevant, useable information from all over the world is available for Ontario farmers while maintaining local access to all services and programs.

The ministry will strengthen its position as the government's key point of access in southern Ontario to rural municipalities, entrepreneurs and residents for provincial economic development activities.

Accurate, timely information will be more readily available to the food industry using electronic technology. This will help improve business competitiveness while making the food production system even safer.

The ministry will work with other ministries to develop more common, Government of Ontario offices to provide enhanced access to provincial government services in communities throughout the province.

The ministry will develop new approaches to international investment attraction and market development support for the agriculture, rural and biotechnology sectors, including gathering more and better global data. It will also re-vamp the export market development program to better assist industry in meeting its proposed \$10 billion target by 2005.

Encouraging Self-Reliance

The ministry is committed to involving the agri-food industry more directly in determining and funding research priorities, as well as delivering information to target clients.

By helping rural municipalities, businesses and residents identify economic opportunities now, the ministry will encourage stronger, more self-reliant rural communities in the future.

The ministry will continue to encourage farmers to build their individual income stabilization accounts so they are better able to deal with financial risks they face.

Fostering Rural Growth

Cost-shared initiatives such as the Rural Job Strategy Fund lever private sector investment in areas that will generate greater competitiveness for farms, food and rural businesses and communities over the long term. Joint investments in improving product quality, marketing efforts and the use of information technology will mean better economic growth and jobs now and in the future.

The Rural Youth Jobs Strategy, announced in the Ontario Budget, will be aimed at working with rural residents and governments to break down traditional barriers and increase employment opportunities for rural young people. Over the long term, the goal is to encourage more rural youth to remain in their own communities and to contribute to their growth and prosperity.

Working Together

The ministry will continue to work closely with sector groups such as farm and food industry organizations, marketing boards, commodity associations, business coalitions and private sector suppliers to determine industry research, technology and program priorities.

The ministry will continue forming alliances and partnerships with other ministries, agencies, levels of government and private sector organizations to gain operating efficiencies and improve customer service.

In negotiating a new, multi-year safety net framework for 1999 and beyond, the ministry will work with participating producers, their farm groups, other provinces and the federal government. A collaborative approach will be used to develop food inspection standards and adopt industry-driven quality assurance programs.

KEY PERFORMANCE MEASURES

CORE BUSINESS: Research and Technology Transfer			
Goals/Outcome	Measures	Targets/Standards	98-99 Commitments
Ontario's agri-food sector remains a leader in developing and adopting new technology.	Productivity gains, cost reductions and/or quality improvements for key commodities.	To outperform our main competitors in North America.	Dairy - outperform other provinces on costs of production. Currently at 4 per cent below national average. Soybeans - 10-year average yield to outperform Michigan and Ohio (currently 2.5 tonnes per hectare)
	Amount of private sector spending on agri-food research at the University of Guelph.	Annual growth in private sector agri-food research funding.	Total external research funding to exceed \$33 million.

CORE BUSINESS: Investment and Market Development			
Goals/Outcome	Measures	Targets/Standards	98-99 Commitments
Ontario's agri-food sector remains an excellent place to invest.	Ontario's share of national food and beverage processing sector investment.	Increase Ontario's share of Canadian food and beverage sector investment each year.	That more than 45% of Canada's 1998 food and beverage processing sector investment is made in Ontario.
	Ontario's share of national farm cash receipts.	Maintain Ontario's position as the leading agriculture producing province in Canada.	Maintain Ontario's position.
	Ontario's share of national farm investment.	Maintain or increase Ontario's share of national farm investment.	That at least 22% of Canada's 1998 farm sector investment is made in Ontario.
Goals/Outcome	Measures	Targets/Standards	98-99 Commitments
Ontario's agri-food exports continue to grow.	Ontario's total, and share of national, agri-food exports.	\$10 billion, and a 25% share of the national total, by the year 2005	\$6 billion, and at least a share of 23.3% of the national total, in 1998.

CORE BUSINESS: Rural Economic Development			
Goals/Outcome	Measures	Targets/Standards	98-99 Commitments
An improved economy in rural Ontario.	Employment and business start-ups in rural Ontario.	Ontario to have a higher rate of growth in employment and business start-ups than the national average for rural areas.	To define more precise performance targets for job creation and business start-ups in rural Ontario.

CORE BUSINESS: Risk Management			
Goals/Outcome	Measures	Targets/Standards	98-99 Commitments
Maintain the safety and quality of Ontario's food supply.	Number of abattoirs with up-to-date audits and monitoring action plans (according to Hazard Analysis and Critical Control Point, or HACCP, standards).	Complete 100% of audits and ensure that abattoirs meet HACCP pre-requisites.	Maintain annual audit of all abattoirs and ensure only plants meeting deadlines are licensed.
Ontario farmers take full advantage of the financial risk management tools available to them.	Net Income Stabilization Account (NISA) and Crop Insurance participation.	Annual growth in participation.	NISA - more than 27,500 participants. Crop Insurance - at least a 3% increase in hectares covered.

Note: Ontario's ranking among North American jurisdictions regarding food and beverage investment is no longer a performance measure because the data is compiled too late for timely publication. For example, the 1996 data just recently become available, showing that Ontario ranked 5th among North American jurisdictions, up from 11th in 1995.

1997-98 MINISTRY SPENDING BY CORE BUSINESS — INTERIM ACTUALS*

Ministry of Agriculture, Food & Rural Affairs

Operating \$449 million
 770 staff

(includes \$158 million Farm
Tax Rebate Program)

Research & Technology Transfer

Operating \$73 million
 255 staff

Investment & Market Development

Operating \$18 million
 125 staff

Rural Economic Development

Operating \$33 million
 205 staff

Risk Management

Operating \$147 million
 70 staff

Administration/ Main Office

Operating \$20 million
 115 staff

Note: Staff numbers are shown as full-time equivalents

*PSAAB based

1998-99 MINISTRY APPROVED ALLOCATIONS BY CORE BUSINESS — PLAN*

Ministry of Agriculture, Food & Rural Affairs

Operating	\$340 million
Capital	\$3 million
	770 staff

Research & Technology Transfer

Operating	\$80 million
	255 staff

Investment & Market Development

Operating	\$23 million
	125 staff

Rural Economic Development

Operating	\$45 million
	215 staff

Risk Management

Operating	\$179 million
Capital	\$3 million
	75 staff

Administration/Main Office

Operating	\$13 million
	100 staff

Note: Staff numbers are shown as full-time equivalents

*PSAAB based

WHO TO CALL

Questions or comments about the ministry's business plan are welcomed.
Visit <http://www.gov.on.ca/omafra> or call our toll-free number 1-888-466-2372.

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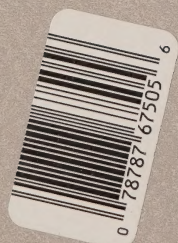
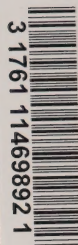
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